IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF PUERTO RICO

In re: THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO, as representative of THE COMMONWEALTH OF PUERTO RICO, *et al.* Debtors.[1]	PROMESA Title III Case No. 17 BK 3283-LTS (Jointly Administered)
In re: THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO as representative of PUERTO RICO ELECTRIC POWER AUTHORITY, Debtor.	PROMESA Title III Case No. 17 BK 4780-LTS

EXPERT DECLARATION OF MR. JOSÉ FERNÁNDEZ, PRESIDENT AND CONSULTING ACTUARY OF FASE2 C&W, LLC IN SUPPORT OF THE EMPLOYEES' RETIREMENT SYSTEM OF PUERTO RICO ELECTRIC POWER AUTHORITY'S OBJECTION TO THE CONFIRMATION OF THE PUERTO RICO ELECTRIC POWER AUTHORITY'S PLAN OF ADJUSTMENT

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[1] The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747). (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations.)

I. Introductory Questions

Q. State your name and position.

My name is Jose Fernandez, President and Consulting Actuary of Fase2 C&W, LLC (Fase2). Fase2 provides actuarial consulting services for public pension systems. Specifically, we provide actuarial consulting on the adequate funding, benefit design, administration, and actuarial analysis of public sector retirement systems.

Q. Describe your professional experience and qualifications.

In the past I have presented expert witness testimony in Puerto Rico Court of First Instance (Tribunal de Primera Instancia de San Juan) on the actuarial funding requirements for the University of Puerto Rico Retirement System.

Prior to Fase2, I spent over 35 years as a consulting actuary with two major actuarial firms (Buck Consultants from 1981 to 2007 and Cavanaugh Macdonald Consulting from 2007 through 2017) responsible for services provided to state and local governmental retirement systems, including several in Puerto Rico. I consulted with clients in the design, funding, administration, and financial accounting of public retirement plans, proposed legislation analysis, experience studies, asset liability forecasts, and actuarial audits. Clients I have consulted for include the Virginia Retirement System, University of Puerto Rico Retirement System, Employees' Retirement System of Puerto Rico Electric Power Authority, and several municipal retirement systems in the State of Florida.

I am an Enrolled Actuary under the Employee Retirement Income Security Act (ERISA), an Associate of the Society of Actuaries, and a Member of the American Academy of Actuaries.

Q. State your educational background.

I received my Bachelor of Science Degree in Mathematics from St. Peter's University in Jersey City, New Jersey in 1978. Please refer to my *curriculum vitae* for more information on my professional experience, qualifications, and educational background. **Annex I.**

Q. State on whose behalf you are testifying before the Title III Court.

I am providing this testimony on behalf of the Employees' Retirement System of Puerto Rico Electric Power Authority ("PREPA ERS", "Retirement System", "System").

Q. What experience do you have with the Retirement System?

I served as the principal consulting actuary to the PREPA ERS for 36 years (continuously from 1981 through 2017, except for one year after my employment terminated with Buck Consultants). Currently, I provide actuarial consulting services to the System in relation to the restructuring of the Puerto Rico Electric Power Authority ("PREPA" or the "Authority") and the Retirement System under the Title III process, and the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA), and coordination with and support for the System's current actuary Cavanaugh Macdonald Consulting.

In my years of experience with the System, I have worked closely with the System's Board of Trustees and administrative staff, and with PREPA management, including several meetings with the PREPA Governing Board. As a result, I have intimate knowledge of issues related to the benefits, funding, and financial reporting of the System.

Q. List the documents you considered for your testimony.

A. "Reglamento del Sistema de Retiro de los Empleados de la Autoridad de Energía Eléctrica", as amended April 26, 2018. ("Rules and Regulations").

B. Asset Consulting Group investment report for the period ending June 30, 2022.

C. Cavanaugh Macdonald Consulting letter dated November 10, 2022.

D. "Puerto Rico Oversight, Management, and Economic Stability Act" or "PROMESA".

E. Unaudited "Informe Deuda de la Autoridad de Energía Eléctrica con el Sistema de Retiro al 31 de marzo de 2023" worksheet, provided by the Retirement System in email correspondence dated April 21, 2023.

F. "Employees' Retirement System of Puerto Rico Electric Power Authority Report on the Seventy-Sixth Actuarial Valuation as of June 30, 2021", dated February 21, 2023.

G. "Modified Disclosure Statement for First Amended Title III Plan of Adjustment of the Puerto Rico Rico Electric Power Authority", dated February 21, 2023.

H. Financial Oversight and Management Board for Puerto Rico (the "Board") and Ernst & Young Puerto Rico LLC ("EY") analysis of pension modifications dated August 30, 2022.

I. Fase2 C&W, LLC letter dated November 16, 2022.

Q. What is the purpose of your testimony?

I will provide expert testimony from an actuarial and financial standpoint about the current state of the Retirement System and how the PREPA ERS pension reform proposal is viable. Moreover, I will testify that this proposal complies with the corresponding regulation. My testimony will be focused on the impact of the Plan on PREPA ERS and its participants, as well as on the proposed treatment for the Pension Claim and the proposed pension reform. Moreover, I will testify regarding the difference of the treatment given to the Pension Claim compared to other similarly situated creditors.

II. Description of the Retirement System

Q. Provide an overview of the System.

PREPA ERS is a defined benefit retirement system providing retirement, disability and death benefits to employees and retirees of PREPA. The promised benefits under the System are covered

in a legal plan document ("Rules and Regulations" [2]) and are determined by defined benefit formulas and are generally payable to retired System members and their beneficiaries for life. PREPA ERS is an independent fiduciary trust administered by the PREPA ERS Board of Trustees and is a separate entity from PREPA. The Rules and Regulations of the System specify the contributions payable by the members and PREPA to maintain the sound actuarial funding of the System.

Q. Provide a summary of the System's investment returns.

The PREPA ERS Board of Trustees is responsible for the investment of the System assets in accordance with the Rules and Regulations and the System's investment policy. From October 2003 through June 30, 2022, the average annual investment return of the System has been 7.25%.[3]

Q. Provide a summary of the System's current funded status.

The System has no assets to pay future benefits and is insolvent. In response to the System's insolvency the Board has proposed to pay the promised benefits to members and the System's expenses on a PayGo basis. That is, the employer will have to make periodic contributions to pay the retirement, disability, death and other benefits to members, and expenses, since there are not sufficient assets in the Trust. The estimated retirement and other benefits and expenses payable from the System for the fiscal year ending June 30, 2023, on a PayGo basis are approximately $377.7 million. As discussed below, in my opinion, there is another viable alternative to paying System benefits that is not on a PayGo basis. In addition, since the assets are depleted, there is no investment income to pay a portion of the benefit costs.

[2] *Reglamento del Sistema de Retiro de los Empleados de la Autoridad de Energía Eléctrica*, as amended April 26, 2018, Article 5(2).
[3] Based on information provided in the report for the period ending June 30, 2022, prepared by the System's investment consultant Asset Consulting Group.

As a result of the depletion of the System assets, the accumulated contributions paid by current active members have also been depleted and used to pay for benefits for current retirees and beneficiaries. The accumulated member contributions with interest projected as of June 30, 2023, are $399.0 million.[4]

Q. Explain the reason for the System's insolvency.

The principal reason for the System's insolvency is the failure of PREPA to make the contributions to the System required by the Rules and Regulations of the System and provide adequate funding pursuant to PROMESA. PROMESA requires that PREPA's fiscal plan provide adequate funding for the PREPA Retirement System.[5]

Article 5(2) of the Rules and Regulations of the PREPA Retirement System requires the Authority to pay the actuarially determined contribution to the Retirement System.

In accordance with the Rules and Regulations of the System, the PREPA ERS benefits are financed through employee and employer (PREPA) contributions to the Trust dedicated to pay the benefits under the System. The contributions to the Trust are invested as directed by the Board of Trustees of the System to generate investment income to contribute to the payment of System benefits.

Member contributions are a fixed rate of the employee's salary in accordance with the System's Rules and Regulations.

The Rules and Regulations of the System require Authority contributions determined through annual actuarial valuations prepared by and recommended by the System's actuary and approved by the System's Board of Trustees. The Authority's actuarially determined contributions vary each fiscal year depending on the System member data, the System's investment and actuarial experience, and the actuarial assumptions and methods used by the System's actuary and approved

[4] Based on information provided in the Cavanaugh Macdonald Consulting letter dated November 10, 2022.
[5] "Puerto Rico Oversight, Management, and Economic Stability Act" or "PROMESA", Section 201(b)(1)(B).

by the Board of Trustees. The actuarially determined contributions are determined by the System actuary through the application of Actuarial Standards of Practice and generally accepted methods. The required actuarially determined Authority contributions are calculated to provide, together with the member contributions and investment income on all contributions, sufficient System funds to pay the members the promised benefits under the Trust. The payment of Authority contributions as approved by the Board of Trustees is required in order for the System to have enough assets to pay the promised benefits under the Rules and Regulations. If PREPA does not pay the required contributions the assets of the System will not be sufficient in the future to pay the promised benefits.

PREPA has not paid the required contributions to the System since July 2016. As of February 28, 2023, PREPA owes the System approximately $960.6 million in unpaid contributions[6].

In addition, the System has suffered significant investment income losses for the unpaid contributions. For the 5-year period from July 1, 2017, through June 30, 2022, the average annual investment return of the System has been 8.07%.[7]

In summary, the System would be solvent if PREPA had met its obligation under PROMESA and the Rules and Regulations to pay the required actuarially determined contributions to the Trust.

III. PREPA ERS Claim

Q. Provide information on the Retirement System's reform proposal.

The Retirement System's proposal is to maintain and protect the promised benefits under the current System's Rules and Regulations for all active employees and current retirees and beneficiaries and terminated members with deferred vested benefits without any changes.

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[6] Unaudited, *Informe Deuda de la Autoridad de Energía Eléctrica con el Sistema de Retiro al 31 de marzo de 2023*, provided by the Retirement System.

[7] Based on information provided in the report for the period ending June 30, 2022, prepared by the System's investment consultant Asset Consulting Group.

The actuarially determined present value of future benefits ("total actuarial liabilities") is the measure of the amount as of a given date that would be sufficient to pay for all future benefits payable from the System for current active and inactive members assuming all actuarial assumptions are met. As of June 30, 2021, the total actuarial liabilities are $4,459.5 million according to the June 30, 2021, actuarial valuation report prepared by Cavanaugh Macdonald Consulting, assuming a discount rate of 5.75% per annum.[8] The total actuarial liabilities of $4,459.5 million is the estimated claim by the Retirement System to maintain the promised benefits under the current System without any changes or reforms.

Q. Explain the treatment of the Retirement System's claim under the Plan of Adjustment. [9]

Under the Plan of Adjustment, the benefits for current and future System retirees and beneficiaries will be paid on a PayGo basis. That is, the employer will have to make periodic contributions to pay the retirement, disability, death and other benefits to members, and expenses, since there are not sufficient assets in the Trust.

In addition, the Plan of Adjustment includes changes in System benefits, such as, (i) freezing accrued benefits for active System members, (ii) changes in the eligibility requirements to commence pension benefits, (iii) the elimination of future pension increases every three years, and (iv) the elimination of the summer and Christmas bonuses for active members.

The Plan of Adjustment proposes a defined contribution plan for active employees for future service. Member contributions to the defined contribution plan would be required, but there would be no employer contributions to the plan.

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[8] *Employees' Retirement System of Puerto Rico Electric Power Authority Report on the Seventy-Sixth Actuarial Valuation as of June 30, 2021*, dated February 21, 2023, p.17.

[9] All references to "Plan of Adjustment" in this testimony refer to the *Modified Second Amended Title III Plan of Adjustment of The Puerto Rico Electric Power Authority* filed at Case No. 17-04780-LTS, ECF 3296, the exhibits and other materials attached to the Plan of Adjustment, and any and all amendments which were available at the date of this testimony.

Q. What is the loss to the Retirement System and its members with the elimination of the current defined benefit plan?

The analysis[10] prepared by the Board and EY presents the "Projected PayGo costs (including admin)" payments under the proposed pension modifications for the fiscal years 2024 through 2060. The present value of the payments assuming an annual discount rate of 5.75% is approximately $3,344.8 million. This amount is $1,114.7 million less than the Retirement System's estimated claim of $4,459.5 million for the total actuarial liabilities.[11]

The proposed pension modifications in the Plan of Adjustment will reduce promised benefits under the Rules and Regulations of the System. In addition, active members would no longer be covered under a defined benefit plan with respect to future service. Instead, the members will be covered under a defined contribution plan funded solely by member contributions and no employer contributions.

Q. How much of its claim does the Retirement System recover under the Plan of Adjustment?

Under the Plan of Adjustment, the Retirement System does not recover any of its claim. The Board's PayGo proposal under the Plan of Adjustment effectively bypasses the Retirement System's claim for total actuarial liabilities, proposing instead to pay the defined benefits directly to the beneficiaries of the Retirement System. The members of the Retirement System recover approximately 75% of their promised Retirement System benefits under the Plan of Adjustment (present value of PayGo payments under Plan of Adjustment of $3,344.8 million divided by total actuarial liabilities System claim of $4,459.5 million). The members of the Retirement System fail

[10] Prepared by the Financial Oversight and Management Board for Puerto Rico (the "Board") and Ernst & Young Puerto Rico LLC ("EY") dated August 30, 2022.

[11] *Employees' Retirement System of Puerto Rico Electric Power Authority Report on the Seventy-Sixth Actuarial Valuation as of June 30, 2021*, dated February 21, 2023, p.17.

to recover approximately $1,114.7 million of the value of future benefits payable to members promised under the System's Rules and Regulations.

Q. How much is the Retirement System's claim as a result of the elimination of the current System defined benefit plan?

If the Plan of Adjustment pension modifications are adopted, including the reduction in accrued benefits and the elimination of the current System defined benefit plan, the members of the System will receive a value of approximately $3,344.8 million. The difference of $1,114.7 million, stems from the System's overall actuarial obligations of $4,459.5 million and the sum allocated for disbursement to the Retirement System members under the Plan of Adjustment, which amounts to $3,344.8 million.

Q. Under the Plan of Adjustment, how does the treatment of the Retirement System compare to the treatment of the Fuel Line Lenders ("FLL")?

Under the Plan of Adjustment, Fuel Line Lenders ("FLL") shall receive 84% of their claim.[12] The amount payable to the Retirement System, if it received 84% of its total actuarial liabilities claim of approximately $4,459.5 million, would be $3,746.0 million at a discount rate of 5.75%. Instead under the Plan of Adjustment's proposed treatment of the Retirement System, the System would receive a value of approximately $3,344.8 million.

The $3,344.8 million payment to the System under the Plan of Adjustment's treatment represents 75% of its total claim, compared to the 84% offered to the FLL. Under the Plan of Adjustment treatment of the Retirement System, the System receives approximately $401.2 million less than if it received the same treatment as the FLL.

[12] Exhibit A, Article VII of the Modified Disclosure Statement for First Amended Title III Plan of Adjustment of the Puerto Rico Rico Electric Power Authority, dated February 21, 2023.

The payment of 84%, or approximately $3,746.0 million, presented above is based on a discount rate of 5.75%. The 5.75% discount rate is a reasonable interest rate for an ongoing pension plan. However, for a closed pension plan as proposed in the Plan of Adjustment it would be more appropriate to use a market-related interest rate. In the Disclosure Statement,[13] the Board evaluates the financial situation of the System using a market-related discount rate of 3.58% per annum, consistent with accounting standards. It is my opinion that it would be appropriate to apply this same criteria for the evaluation of the System's actuarial liabilities under the FLL treatment. Further analysis would be required to estimate the actuarial liabilities under the FLL treatment based on a 3.58% discount rate.

Q. What are the estimated savings of the Board's proposed pension reform?

The value of the Retirement System's total actuarial liabilities claim is approximately $4,459.5 million. Net of the value of future member contributions under the current System of $150.0 million,[14] the value of future employer contributions under the current System is approximately $4,309.5 million. The value of the Retirement System liabilities under the proposed Retirement System modification with the PayGo structure is approximately $3,344.8 million. Therefore, the estimated savings of the proposed Retirement System modification compared to the projected employer cost of the current System is $964.7 million. These estimated savings are a result of reductions in the accrued benefits of active members and the elimination of the defined benefit plan provided in the Rules and Regulations.

Q. Describe the Retirement System's reform proposal.

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[13] All references to the "Disclosure Statement" refer to the *Disclosure Statement for Modified Second Amended Title III Plan of Adjustment of The Puerto Rico Electric Power Authority* filed at Case No. 17-04780-LTS, ECF 3297, the exhibits and other materials attached to the Disclosure Statement, and any and all amendments which were available at the date of this testimony.

[14] *Employees' Retirement System of Puerto Rico Electric Power Authority Report on the Seventy-Sixth Actuarial Valuation as of June 30, 2021*, dated February 21, 2023, p.17.

The Retirement System's proposal includes the PayGo payment of pensions to current inactive members (that is, retired members and beneficiaries receiving pension benefits and terminated vested members entitled to deferred benefits) with the elimination of future pension increases every three years.

For active members a separate defined benefit plan would be created. All active employees would transfer to the new plan.

The new plan benefits would be the same as the benefits of the current System. That is, the members would receive the same benefits as under the current System except payable from a separate plan.

The actuarial liabilities with respect to the active members would be transferred from the current System to the new plan.

A new, separate account or trust would be established for the new plan.

The future member and employer contributions would be deposited and invested in the account or trust of the new plan.

The plan assumes no new plan members in the future. That is, the plan begins with the active members at the effective date and the number of members declines over time as those members retire or terminate from service.

Q. Discuss the actuarial viability of the Retirement System's proposal.

Members would make contributions to the new plan at the same contribution rate as a percent of pay as with the current System. The average contribution rate for projected active employees in the new plan as of June 30, 2023, is 12.01%.[15]

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[15] Fase2 C&W, LLC letter dated November 16, 2022.

The employer would make required contributions to the new plan based on annual actuarial valuations as outlined in the current System's Rules and Regulations and actuarial assumptions and methods, including an assumed rate of return of 5.75%. The employer contributions will vary depending on the funds the new plan will receive to fund the actuarial accrued liabilities transferred from the current System. The estimated actuarial accrued liabilities for the projected active employees in the new plan as of June 30, 2023, is $771.5 million[16]. The greater the initial assets of the new plan, the lower the ongoing employer contributions. The employer contributions will consist of (i) amortization of any unfunded actuarial accrued liability (legacy cost) transferred from the current System, (ii) a normal cost payment (ongoing cost) for the future benefit accruals not covered by the contributions made by members, and (iii) an interest adjustment for the timing of contributions throughout the fiscal year. The estimated ongoing employer cost of the new plan with interest is $9.9 million (or 6.44% of pay) for active employees as of June 30, 2023. (As noted above, the average member contribution rate is 12.01% of pay.) The payment for the unfunded actuarial accrued liability is estimated to range from $0 if the actuarial accrued liability is fully funded initially, to $74.6 million annually for 17 years if the initial assets of the new plan are $0.[17]

Q. Discuss the actuarial viability of the Retirement System's proposal if the Retirement System receives the same treatment as the FLL.

Under the FLL treatment the System would receive 84% of its total claim, or approximately $3,746.0 million at an interest rate of 5.75%. The amount of $3,746.0 million would fund approximately 94% of the total actuarial liabilities and 99% of the actuarial accrued liabilities under the Retirement System's proposal. The $3,746.0 million payment under the FLL treatment would cover the $3,014.4 million estimated value of the Retirement System's PayGo proposal for

[16] *Ibid.*
[17] *Ibid.*

current retirees (including the elimination of future pension increases every three years). The balance of $731.6 million from the FLL treatment payment ($3,746.0 million FLL treatment payment minus $3,014.4 million PayGo for current retirees) would provide the initial asset for the continuing plan for active employees proposed by the Retirement System. Reflecting the estimated initial asset of $731.6 million, the estimated employer annual contribution for the active members' plan is $13.8 million. In **Annex II**, I present a comparison of the projected costs of the Retirement System's proposal reflecting the FLL treatment with the projected costs under the Board's proposal. In the projection for fiscal years 2024 through 2060, the total projected savings of the Retirement System's proposal is $656.1 million compared to the Board proposal.

Q. Is there a justification for the difference in treatment to the Retirement System and the FLL in the Plan of Adjustment?

To my knowledge, there is no reason for the difference in treatment of the Retirement System and the FLL under the Plan of Adjustment.

Q. What would be the effect of offering PREPA ERS the same treatment offered to the FLL?

If PREPA ERS receives the same treatment as the FLL, I estimate the employer cost of the PREPA ERS proposal to maintain the defined benefit plan for active employees is relatively minimal and is projected to have a lower long-term cost than the Board's proposal.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

José I. Fernández

José Fernández
April 28, 2023

ANNEX I

JOSE I FERNANDEZ

Fase2 C&W, LLC
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PROFILE

Consulting actuary with over 40 years of experience with clients in the public and private sectors. Broad range of experience in the design, administration and actuarial analysis of employee benefit programs. Dedicated to providing high quality, efficient, timely service to clients. Responsible for managing benefits consulting services for clients with diverse needs.

EXPERIENCE

2018- **Fase2 C&W, LLC**
President and Consulting Actuary
Provide actuarial consulting services to retirement systems, such as, the City of Miami, City of Pompano Beach, Puerto Rico Electric Power Authority and University of Puerto Rico.
Retirement system consultant coordinating, reviewing and communicating valuation and special projects provided by system actuary. Consulting assistance with adequate funding and restructuring of retirement system, and special projects.

2007-2017 **Cavanaugh Macdonald Consulting**
Principal and Consulting Actuary

Consulting actuary responsible for services provided to state and local governmental retirement and employee benefit programs.

- Consulted with clients in the design, financial accounting, administration and funding of public retirement and OPEB plans, proposed legislation analysis, experience studies, asset liability forecasts and actuarial audits.
- Clients included the Virginia Retirement System, University of Puerto Rico Retirement System, Employees' Retirement System of Puerto Rico Electric Power Authority, City of Miami General Employees' and Sanitation Employees' Retirement Trust and City of Hollywood, FL Police Officers' Retirement System.

1981-2007 **Buck Consultants**
Principal and Consulting Actuary

Consulting actuary responsible for managing relationships with corporate and public sector clients.

- Provided a broad range of actuarial and benefits consulting services for corporate, ERISA qualified and public sector domestic and international clients.
- Provided consulting services to various corporate clients, several municipal clients in the State of Florida and in the Commonwealth of Puerto Rico, and clients in Venezuela.
- Managed relationship for one of the company's top five clients, overseeing the coordination and delivery of domestic and international employee benefits consulting services, including pension and health actuarial consulting, defined benefit and defined contribution plan administration, mergers and acquisitions, communication, legal, and compensation.

CREDENTIALS

- Associate, Society of Actuaries
- Enrolled Actuary under ERISA
- Member of the American Academy of Actuaries

EDUCATION

St. Peter's College, Jersey City, New Jersey - Bachelor of Science, Mathematics

LANGUAGES

English and Spanish.

ANNEX II

Cost Comparison of the
Fiscal Control Board Proposal and the Retirement System Alternative with the FLL Treatment
Retirement System Receives 84% of Claim

($'s millions)

	Fiscal Control Board Proposal	Retirement System Proposal			
Fiscal Year	"PayGo" Cost Projections for Current and Future Retirees According to Ernst & Young Calculation	Projection of Employer Costs for the Active Members Plan	"PayGo" Cost Projections for Current Retirees as of June 30, 2023	Projection of Total Costs of Retirement System Alternative	Fiscal Control Board Projected Costs Minus Retirement System Alternative Projected Costs
2024	$280.7	$13.8	$275.5 [1]	$289.3	($8.6)
2025	$278.0	$13.4	$269.3	$282.7	($4.7)
2026	$274.6	$12.9	$262.8	$275.7	($1.1)
2027	$270.8	$12.4	$256.2	$268.6	$2.2
2028	$266.1	$11.8	$249.2	$261.0	$5.1
2029	$260.9	$11.3	$242.1	$253.4	$7.5
2030	$255.1	$10.7	$234.9	$245.6	$9.5
2031	$249.3	$10.2	$227.3	$237.5	$11.8
2032	$242.6	$9.6	$219.6	$229.2	$13.4
2033	$235.7	$9.1	$211.8	$220.9	$14.8
2034	$228.4	$8.5	$203.9	$212.4	$16.0
2035	$221.0	$7.9	$195.8	$203.7	$17.3
2036	$213.4	$7.4	$187.8	$195.2	$18.2
2037	$205.6	$6.9	$179.6	$186.5	$19.1
2038	$197.8	$6.5	$171.4	$177.9	$19.9
2039	$189.8	$6.2	$163.2	$169.4	$20.4
2040	$181.9	$5.8	$155.1	$160.9	$21.0
2041	$173.9	$1.8	$147.0	$148.8	$25.1
2042	$165.9	$1.5	$139.0	$140.5	$25.4
2043	$158.1	$1.3	$131.1	$132.4	$25.7
2044	$150.4	$1.1	$123.3	$124.4	$26.0
2045	$142.8	$0.9	$115.7	$116.6	$26.2
2046	$135.3	$0.8	$108.2	$109.0	$26.3
2047	$127.9	$0.7	$100.9	$101.6	$26.3
2048	$120.6	$0.6	$93.8	$94.4	$26.2
2049	$113.4	$0.5	$86.9	$87.4	$26.0
2050	$106.2	$0.4	$80.2	$80.6	$25.6
2051	$99.2	$0.3	$73.7	$74.0	$25.2
2052	$92.3	$0.2	$67.4	$67.6	$24.7
2053	$85.6	$0.2	$61.4	$61.6	$24.0
2054	$79.0	$0.1	$55.7	$55.8	$23.2
2055	$72.7	$0.1	$50.2	$50.3	$22.4
2056	$66.5	$0.1	$45.0	$45.1	$21.4
2057	$60.6	$0.0	$40.2	$40.2	$20.4
2058	$54.9	$0.0	$35.6	$35.6	$19.3
2059	$49.5	$0.0	$31.4	$31.4	$18.1
2060	$44.4	$0.0	$27.6	$27.6	$16.8
Total Savings (Cost) of Retirement System Alternative					**$656.1**

[1] In addition, there is an estimated refund of member contributions of $51.3 million